

# UNIFIED COMMUNICATIONS HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company registration no.: 200211129W)

## Third Quarter Financial Statements and Dividend Announcement for the Period Ended 30 September 2005

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

#### 1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Set out below are the financial statements for the third quarter ended 30 September 2005.

#### Consolidated Income Statement

	Group			Group		Proforma Group	Group	
				9 months ended 30 Sep			9 months ended 30 Sep	
	Q3 2005	Q3 2004	Inc/(dec)	2005 <sup>(A)</sup>	2004 <sup>(B)</sup>	Inc/(dec)	2004 <sup>(C)</sup>	Inc/(dec) <sup>(D)</sup>
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	S\$'000	%
Revenue	4,780	3,565	34	16,935	14,877	14	14,736	15
Cost of sales	(2,971)	(2,000)	49	(8,851)	(8,150)	9	(7,975)	11
<b>Gross profit</b>	<b>1,809</b>	<b>1,565</b>	<b>16</b>	<b>8,084</b>	<b>6,727</b>	<b>20</b>	<b>6,761</b>	<b>20</b>
Other operating income	157	290	(46)	290	848	(66)	846	(66)
Technical support expenses	(1,353)	(889)	52	(4,435)	(2,547)	74	(2,396)	85
Distribution costs	(852)	(1,089)	(22)	(2,767)	(2,781)	(1)	(2,674)	3
Administrative expenses	(595)	(664)	(10)	(1,517)	(1,706)	(11)	(1,599)	(5)
Other operating expenses	(72)	(38)	89	(83)	(157)	(47)	(155)	(46)
<b>(Loss)/profit from operations</b>	<b>(906)</b>	<b>(825)</b>	<b>10</b>	<b>(428)</b>	<b>384</b>	<b>n.m.</b>	<b>783</b>	<b>n.m.</b>
Finance costs	(44)	(40)	10	(132)	(79)	67	(73)	81
Share of results of an associated company	53	55	(4)	101	63	60	63	60
<b>(Loss)/profit before tax</b>	<b>(897)</b>	<b>(810)</b>	<b>11</b>	<b>(459)</b>	<b>368</b>	<b>n.m.</b>	<b>773</b>	<b>n.m.</b>
Income tax	(85)	(23)	>100	(166)	(127)	31	(135)	23
<b>Net (loss)/profit for the financial period</b>	<b>(982)</b>	<b>(833)</b>	<b>18</b>	<b>(625)</b>	<b>241</b>	<b>n.m.</b>	<b>638</b>	<b>n.m.</b>
<b>Attributable to:</b>								
Shareholders of the Company	(1,087)	(784)	39	(962)	228	n.m.	620	n.m.
Minority interest	105	(49)	n.m.	337	13	>100	18	>100
<b>Net (loss)/profit for the financial period</b>	<b>(982)</b>	<b>(833)</b>	<b>18</b>	<b>(625)</b>	<b>241</b>	<b>n.m.</b>	<b>638</b>	<b>n.m.</b>

n.m.: not meaningful

<sup>(A)</sup> Group income statement for the financial period from 1 January 2005 to 30 September 2005

<sup>(B)</sup> Proforma Group income statement for the financial period from 1 January 2004 to 30 September 2004

**1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (continued)**

(C) *Group income statement comprises the consolidated financial results of the Company for the nine months ended 30 September 2004 and the financial results of its subsidiaries acquired on 15 January 2004 pursuant to the Group restructuring exercise, for the financial period from 15 January 2004 to 30 September 2004*

(D) *Group nine months ended 30 September 2005 compared to Group nine months ended 30 September 2004*

**Explanatory Notes:**

(a) For the purpose of this announcement:

- (i) The Group's proforma income statement for the nine months ended 30 September 2004 is prepared for illustrative purposes only. The proforma income statement is prepared based on certain assumptions and after making certain adjustments to show how the income statement of the Group for the nine months ended 30 September 2004 would have been if the Group restructuring exercise had been in place since 1 January 2004.
- (ii) The proforma income statement of the Group, because of its nature, may not give a true picture of the Group's financial results. The proforma income statement of the Group is not necessary indicative of results of the operations or related effects on the financial position that would have been attained had the Group actually existed earlier.

**1(a)(ii) Notes to income statements**

The following items have been included in arriving at (loss)/profit from operations:

	Group			Group		Proforma Group	Group		
				9 months ended 30 Sep			9 months ended 30 Sep		
	Q3 2005	Q3 2004	Inc/(dec)	2005 <sup>(A)</sup>	2004 <sup>(B)</sup>	Inc/(dec)	2004 <sup>(C)</sup>	Inc/(dec) <sup>(D)</sup>	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	S\$'000	%	
Amortisation of development costs and intellectual property	131	198	(34)	387	592	(35)	560	(31)	
Negative goodwill recognised (included in "Other operating income")	-	(270)	(100)	-	(764)	(100)	(764)	(100)	
Write-back of allowance for doubtful receivables	(131)	-	n.m.	(236)	-	n.m.	-	n.m.	
Write-down of inventories	63	155	(59)	63	155	(59)	155	(59)	
Foreign exchange loss/(gain)	31	14	>100	(6)	(2)	>100	(2)	>100	
Depreciation of plant and equipment	648	353	84	1,678	840	100	818	>100	
Gain on disposal of plant and equipment	(26)	-	n.m.	(36)	-	n.m.	-	n.m.	

n.m.: not meaningful

(A) *Notes to the Group income statement for the financial period from 1 January 2005 to 30 September 2005*

(B) *Notes to the Proforma Group income statement for the financial period from 1 January 2004 to 30 September 2004*

(C) *Notes to the Group income statement as disclosed in section 1(a)(i) of this announcement*

(D) *Group nine months ended 30 September 2005 compared to Group nine months ended 30 September 2004*

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

**Balance Sheets**

	Group		Company	
	As at 30/9/2005	As at 31/12/2004	As at 30/9/2005	As at 31/12/2004
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	782	4,683	13	2,659
Trade and other receivables	20,950	19,382	9,356	7,046
Inventories	7,329	7,459	-	-
Other current assets	815	904	28	28
	<b>29,876</b>	<b>32,428</b>	<b>9,397</b>	<b>9,733</b>
<b>Non-current assets</b>				
Investment in an associated company	199	111	-	-
Investments in subsidiaries	-	-	22,526	22,526
Plant and equipment	9,057	7,011	36	40
Intangible assets	2,134	2,116	-	-
Deferred income tax assets	611	621	-	-
Negative goodwill	-	(4,360)	-	-
	<b>12,001</b>	<b>5,499</b>	<b>22,562</b>	<b>22,566</b>
<b>Total assets</b>	<b>41,877</b>	<b>37,927</b>	<b>31,959</b>	<b>32,299</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	6,493	6,330	182	303
Current income tax liabilities	218	98	-	-
Borrowings	2,618	3,332	-	-
	<b>9,329</b>	<b>9,760</b>	<b>182</b>	<b>303</b>
<b>Non-current liabilities</b>				
Borrowings	95	125	-	-
Deferred income tax liabilities	59	17	-	-
	<b>154</b>	<b>142</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>9,483</b>	<b>9,902</b>	<b>182</b>	<b>303</b>
<b>Net assets</b>	<b>32,394</b>	<b>28,025</b>	<b>31,777</b>	<b>31,996</b>
<b>EQUITY</b>				
Share capital	25,566	25,566	25,566	25,566
Share premium	6,382	6,382	6,382	6,382
Foreign currency translation reserve	(153)	(786)	-	-
Retained earnings/(accumulated losses)	206	(3,192)	(171)	48
<b>Shareholders' equity</b>	<b>32,001</b>	<b>27,970</b>	<b>31,777</b>	<b>31,996</b>
Minority interest	393	55	-	-
	<b>32,394</b>	<b>28,025</b>	<b>31,777</b>	<b>31,996</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

**Amount repayable in one year or less, or on demand**

<b>Group As at 30/9/2005</b>		<b>Group As at 31/12/2004</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
2,618	-	3,332	-

**Amount repayable after one year**

<b>Group As at 30/9/2005</b>		<b>Group As at 31/12/2004</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
95	-	125	-

**Details of any collateral**

The Group's secured facilities comprise of trade lines, bank overdrafts and hire purchase.

The trade lines and bank overdrafts are secured by way of:

- (i) corporate guarantee from a subsidiary in Singapore;
- (ii) corporate guarantees from the Company to banks for facilities extended to its wholly-owned subsidiaries; and
- (iii) a charge on fixed deposit of RM500,000 (S\$222,000).

The hire purchase is secured by plant and equipment of a subsidiary with a net book value of RM382,000 (S\$170,000) (31.12.2004: S\$210,000).

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Consolidated Cash Flow Statement**

			<b>9 months ended 30 Sep</b>	
	<b>Q3 2005</b>	<b>Q3 2004</b>	<b>2005</b>	<b>2004 <sup>(A)</sup></b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from operating activities:</b>				
(Loss)/profit before tax and after share of results of an associated company	(897)	(810)	(459)	773
Adjustments for :				
Amortisation of development costs and intellectual property	131	198	387	560
Negative goodwill recognised	-	(270)	-	(764)
Depreciation of plant and equipment	648	353	1,678	818
Gain on disposals of plant and equipment	(26)	-	(36)	-
Interest expense	44	40	132	73
Interest income	(1)	(11)	(7)	(20)
Share of results of an associated company	(53)	(55)	(101)	(63)
Foreign currency translation adjustments	37	(411)	461	(170)
<b>Operating cash flow before working capital changes</b>	<b>(117)</b>	<b>(966)</b>	<b>2,055</b>	<b>1,207</b>
Changes in operating assets and liabilities, net of effects from purchase of subsidiaries				
Inventories	192	38	167	(1,830)
Trade and other receivables	(949)	(50)	(1,363)	(747)
Trade and other payables	1,409	1,114	161	910
Cash from operations	535	136	1,020	(460)
Income tax paid	(28)	(163)	(91)	(447)
Interest paid	(44)	(40)	(132)	(73)
<b>Net cash flow from operating activities</b>	<b>463</b>	<b>(67)</b>	<b>797</b>	<b>(980)</b>
<b>Cash flows from investing activities:</b>				
Acquisition of subsidiaries, net of cash acquired	-	-	-	452
Investment in an associated company	-	-	-	(69)
Purchases of plant and equipment	(528)	(1,909)	(3,741)	(3,327)
Proceeds from disposals of plant and equipment	66	1	148	7
Development costs paid	(121)	-	(336)	-
Interest received	1	11	7	20
<b>Net cash flow from investing activities</b>	<b>(582)</b>	<b>(1,897)</b>	<b>(3,922)</b>	<b>(2,917)</b>

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (continued)**

	<b>9 months ended 30 Sep</b>			
	<b>Q3 2005</b>	<b>Q3 2004</b>	<b>2005</b>	<b>2004 <sup>(A)</sup></b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash flows from financing activities:</b>				
Proceeds from issuances of ordinary shares	-	-	-	10,640
Payments of share issue costs and listing expenses	-	-	-	(1,218)
Deposits placed with financial institutions	-	-	-	231
Proceeds from borrowings	2,212	2,069	7,027	5,839
Repayments of borrowings	(2,990)	(3,119)	(7,975)	(6,207)
Repayments of finance leases	(12)	(12)	(36)	(31)
Payments of dividend to pre-listing shareholders	-	-	-	(64)
<b>Net cash flow from financing activities</b>	<b>(790)</b>	<b>(1,062)</b>	<b>(984)</b>	<b>9,190</b>
<b>Net change in cash and cash equivalents</b>	<b>(909)</b>	<b>(3,026)</b>	<b>(4,109)</b>	<b>5,293</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>978</b>	<b>8,319</b>	<b>4,178</b>	<b>*</b>
<b>Cash and cash equivalents at end of the financial period (Note 1)</b>	<b>69</b>	<b>5,293</b>	<b>69</b>	<b>5,293</b>

*Notes*

\* Denotes S\$2.00

<sup>(A)</sup> Consolidated cash flow statement comprises the cash flows of the Company for the nine months ended 30 September 2004 and the cash flows of its subsidiaries from 15 January 2004 to 30 September 2004.

**Explanatory Notes:**

Note 1

	<b>As at 30 Sep</b>	
	<b>2005</b>	<b>2004</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash and cash equivalents	782	5,854
Bank overdrafts	(491)	-
Restricted deposits	(222)	(561)
<b>Cash and cash equivalents per consolidated cash flow statement</b>	<b>69</b>	<b>5,293</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Statement of Changes in Equity for the Third Quarter ended 30 September 2005**

	Issued and fully paid			Foreign currency translation reserve	Retained earnings/ (accumulated losses)	Minority interest	Total
	Number of shares	Share capital	Share premium				
		S\$'000	S\$'000				
<b>Period ended 30/9/2005</b>							
<b><u>Group</u></b>							
Balance at 1/7/2005	319,572,675	25,566	6,382	(212)	1,293	288	33,317
Foreign currency translation differences	-	-	-	59	-	-	59
<b>Net gains recognised directly in equity</b>	-	-	-	<b>59</b>	-	-	<b>59</b>
Net (loss)/profit for the financial period	-	-	-	-	(1,087)	105	(982)
<b>Total recognised (losses)/gains for the financial period</b>	-	-	-	<b>59</b>	<b>(1,087)</b>	<b>105</b>	<b>(923)</b>
<b>Balance at 30/9/2005</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	<b>(153)</b>	<b>206</b>	<b>393</b>	<b>32,394</b>
<b><u>Company</u></b>							
Balance at 1/7/2005	319,572,675	25,566	6,382	-	(91)	-	31,857
Net loss for the financial period	-	-	-	-	(80)	-	(80)
<b>Total recognised losses for the financial period</b>	-	-	-	-	<b>(80)</b>	-	<b>(80)</b>
<b>Balance at 30/9/2005</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	-	<b>(171)</b>	-	<b>31,777</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (continued)

**Statement of Changes in Equity for the Third Quarter ended 30 September 2004**

	Issued and fully paid		Share premium	Foreign currency translation reserve	Retained earnings/ (accumulated losses)	Minority interest	Total
	Number of shares	Share capital					
		S\$'000					
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Period ended 30/9/2004</b>							
<b><u>Group</u></b>							
Balance at 1/7/2004	319,572,675	25,566	6,382	275	1,402	118	33,743
Foreign currency translation differences	-	-	-	(396)	-	1	(395)
<b>Net loss recognised directly in equity</b>	-	-	-	<b>(396)</b>	-	<b>1</b>	<b>(395)</b>
Net loss for the financial period	-	-	-	-	(784)	(49)	(833)
<b>Total recognised losses for the financial period</b>	-	-	-	<b>(396)</b>	<b>(784)</b>	<b>(48)</b>	<b>(1,228)</b>
<b>Balance at 30/9/2004</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	<b>(121)</b>	<b>618</b>	<b>70</b>	<b>32,515</b>
<b><u>Company</u></b>							
Balance at 1/7/2004	319,572,675	25,566	6,382	-	(183)	-	31,765
Net loss for the financial period	-	-	-	-	(47)	-	(47)
<b>Total recognised losses for the financial period</b>	-	-	-	-	<b>(47)</b>	-	<b>(47)</b>
<b>Balance at 30/9/2004</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	-	<b>(230)</b>	-	<b>31,718</b>



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (continued)

**Statement of Changes in Equity for the Nine Months ended 30 September 2005**

	Issued and fully paid		Share premium	Foreign currency translation reserve	Retained earnings/ (accumulated losses)	Minority interest	Total
	Number of shares	Share capital					
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Period ended 30/9/2005</b>							
<b>Group</b>							
Balance at 1/1/2005	319,572,675	25,566	6,382	(786)	(3,192)	55	28,025
Negative goodwill recognised	-	-	-	-	4,360	-	4,360
Balance at 1/1/2005, restated	319,572,675	25,566	6,382	(786)	1,168	55	32,385
Foreign currency translation differences	-	-	-	633	-	1	634
<b>Net gains recognised directly in equity</b>	-	-	-	<b>633</b>	-	<b>1</b>	<b>634</b>
Net (loss)/profit for the financial period	-	-	-	-	(962)	337	(625)
<b>Total recognised gains/(losses) for the financial period</b>	-	-	-	<b>633</b>	<b>(962)</b>	<b>338</b>	<b>9</b>
<b>Balance at 30/9/2005</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	<b>(153)</b>	<b>206</b>	<b>393</b>	<b>32,394</b>
<b>Company</b>							
Balance at 1/1/2005	319,572,675	25,566	6,382	-	48	-	31,996
Net loss for the financial period	-	-	-	-	(219)	-	(219)
<b>Total recognised losses for the financial period</b>	-	-	-	-	<b>(219)</b>	-	<b>(219)</b>
<b>Balance at 30/9/2005</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	-	<b>(171)</b>	-	<b>31,777</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (continued)**

**Statement of Changes in Equity for the Nine Months ended 30 September 2004**

	Issued and fully paid						
	Number of shares	Share capital	Share premium	Foreign currency translation reserve	Retained earnings/ (accumulated losses)	Minority interest	Total
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Period ended 30/9/2004</b>							
<b>Group</b>							
Balance at 1/1/2004	2	*	-	-	(2)	-	(2)
Foreign currency translation differences	-	-	-	(121)	-	1	(120)
<b>Net loss recognised directly in equity</b>	-	-	-	<b>(121)</b>	-	<b>1</b>	<b>(120)</b>
Net profit for the financial period	-	-	-	-	620	18	638
<b>Total recognised gains/(losses) for the financial period</b>	-	-	-	<b>(121)</b>	<b>620</b>	<b>19</b>	<b>518</b>
Issue of ordinary shares of S\$1 each <sup>(1)</sup>	22,525,812	22,526	-	-	-	-	22,526
Consolidation of ordinary shares of S\$1 each to ordinary shares of S\$2 each	(11,262,907)	-	-	-	-	-	-
Shares split of ordinary shares of S\$2 each to ordinary shares of S\$0.08 each	270,309,768	-	-	-	-	-	-
Issue of ordinary shares of S\$0.08 each pursuant to the initial public offering	38,000,000	3,040	7,600	-	-	-	10,640
Share issue costs	-	-	(1,218)	-	-	-	(1,218)
Minority share of subsidiaries acquired	-	-	-	-	-	51	51
<b>Balance at 30/9/2004</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	<b>(121)</b>	<b>618</b>	<b>70</b>	<b>32,515</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (continued)**

**Statement of Changes in Equity for the Nine Months ended 30 September 2004 (continued)**

	Issued and fully paid						
	Number of shares	Share capital	Share premium	Foreign currency translation reserve	Accumulated losses	Minority interest	Total
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Period ended 30/9/2004</b>							
<b><u>Company</u></b>							
Balance at 1/1/2004	2	*	-	-	(2)	-	(2)
Net loss for the financial period	-	-	-	-	(228)	-	(228)
<b>Total recognised losses for the financial period</b>	-	-	-	-	<b>(228)</b>	-	<b>(228)</b>
Issue of ordinary shares of S\$1 each <sup>(1)</sup>	22,525,812	22,526	-	-	-	-	22,526
Consolidation of ordinary shares of S\$1 each to ordinary shares of S\$2 each	(11,262,907)	-	-	-	-	-	-
Shares split of ordinary shares of S\$2 each to ordinary shares of S\$0.08 each	270,309,768	-	-	-	-	-	-
Issue of ordinary shares of S\$0.08 each pursuant to the initial public offering	38,000,000	3,040	7,600	-	-	-	10,640
Share issue costs	-	-	(1,218)	-	-	-	(1,218)
<b>Balance at 30/9/2004</b>	<b>319,572,675</b>	<b>25,566</b>	<b>6,382</b>	-	<b>(230)</b>	-	<b>31,718</b>

**Notes**

\* Denotes S\$2.00

<sup>(1)</sup> On 15 January 2004, pursuant to the Group restructuring exercise, the Company issued 22,525,812 ordinary shares of S\$1.00 each to acquire 100% equity interest in Unified Communications Pte Ltd and Unified Communications Sdn Bhd.

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

None

**2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

These figures have neither been audited nor reviewed.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation for the current financial period as compared to the most recent audited financial statements of the Group for the financial year ended 31 December 2004, except for the adoption of the new Financial Reporting Standards ("FRS") which become effective for the financial year beginning on or after 1 January 2005. The adoption of these new accounting policies did not give rise to any significant changes to the financial statements, except for the treatment of negative goodwill in accordance with FRS 103 – Business Combinations.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

FRS 103 states that the carrying amount of negative goodwill at the beginning of the first annual period beginning on or after 1 July 2004 that arose from a business combination for which the agreement date was before 1 July 2004 should be derecognised with a corresponding adjustment to the opening balance of retained earnings of that period.

Accordingly, with effect from 1 January 2005, the carrying amount of negative goodwill amounted to S\$4.4 million was adjusted against the opening balance of accumulated losses in accordance with the requirement of FRS 103. As a result, the Group's opening accumulated losses as at 1 January 2005 of S\$3.2 million has been restated to an opening retained earnings of S\$1.2 million. In addition, there was no negative goodwill recognised in the Consolidated Income Statement in Quarter 3 2005 and nine months ended 30 September 2005, as compared to S\$0.3 million and S\$0.8 million recognised in Quarter 3 2004 and nine months ended 30 September 2004 respectively.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group		Proforma Group	Group	
			9 months ended 30 Sep		
	Q3 2005	Q3 2004	2005	2004	2004
	cents	cents	cents	cents	cents
Based on the weighted average number of ordinary shares on issue	(0.34) <sup>(1)</sup>	(0.25) <sup>(1)</sup>	(0.30) <sup>(1)</sup>	0.08 <sup>(1)</sup>	0.21 <sup>(1)</sup>
On fully diluted basis (detailing any adjustments made to the earnings)	n.a. <sup>(2)</sup>	n.a. <sup>(2)</sup>	n.a. <sup>(2)</sup>	n.a. <sup>(2)</sup>	n.a. <sup>(2)</sup>

n.a.: not applicable.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends (continued)**

- (1) For comparative purposes, the earnings per ordinary share of the Group and Proforma Group have been computed based on the net profit after tax from the financial statements of the relevant financial period and the weighted average number of ordinary shares issued of 319,572,675 shares for Q3 2005, Q3 2004 and nine months ended 30 September 2005, and 298,451,732 shares for nine months ended 30 September 2004.
- (2) Diluted earnings per share have not been calculated as no diluting events existed during these periods. No share options were granted to any employees during these periods.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	As at 30/9/2005		As at 31/12/2004	
	Group	Company	Group	Company
	cents	cents	cents	cents
Net asset value per ordinary share <sup>(1)</sup>	10.01	9.94	9.45	10.01

- (1) The net asset value per ordinary share of the Group and the Company have been computed based on the net asset value of the Group and the Company at the relevant financial period end and the existing issued share capital of 319,572,675 shares.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

*For comparative purposes, the review of performance for the nine months ended 30 September 2005 is based on the Group's results and Proforma Group's results for the nine months ended 30 September 2005 and 30 September 2004 respectively*

**Review of results for the third quarter ended 30 September 2005 as compared to corresponding quarter ended 30 September 2004**

Sales analysed by business segments for the quarter under review were as follows: -

	Q3 2005	Sales mix	Q3 2004	Sales mix
	S\$'000	%	S\$'000	%
<b>Proprietary Solutions</b>	3,470	73	1,890	53
<b>Distribution</b>	1,310	27	1,675	47
<b>Total</b>	4,780	100	3,565	100

The Group's sales for the third quarter ended 30 September 2005 recorded an improvement of S\$1.2 million or 34% compared to the corresponding quarter last year. The increase in sales was contributed by better sales from the Proprietary Solutions business, offset by lower sales from the Distribution business.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (continued)**

The increase in Proprietary Solutions sales for the third quarter ended 30 September 2005 when compared to the corresponding quarter last year was mainly attributable to improved sales from our Mobile solutions as we continued to focus more on Tier 1 Telcos, and to invest in new mobile applications that serve as value-added services for telecommunications operators. However, this was offset by lower sales of our Carrier Network products as a result of slowing down in demand from Tier 2 Telcos.

The Group recorded a loss before tax of S\$0.9 million for the current quarter compared a loss before tax of S\$0.8 million in the corresponding quarter last year. However, the Group recorded a lower loss before interest, tax, depreciation and amortisation (“LBITDA”) of S\$0.1 million or LBITDA margin of 1.6%, as compared to LBITDA of S\$0.5 million or LBITDA margin of 14.0% in the corresponding quarter last year. This was mainly due to higher sales in the current quarter as compared to the corresponding quarter last year.

Gross profit was higher at S\$1.8 million for the current quarter as compared to S\$1.6 million in the corresponding quarter last year as a result of higher sales achieved by the Proprietary Solutions business. However, the decrease in gross profit margin was mainly attributable to projects from the Proprietary Solutions business during the current quarter have higher contents of third party hardware and software costs, as well as lower gross profit earned from the Distribution business as a result of pricing pressure arising from stiff competition.

Operating expenses increased by approximately S\$0.2 million or 7% in the third quarter ended 30 September 2005 as compared to the corresponding quarter last year. This was mainly due to the full impact of the Group's previous year expansion strategies felt in the current year. These have resulted in higher staff costs and related expenses in both the technical and development departments, and higher depreciation charges for plant and equipment relating to research and development activities.

**Review of results for the nine months ended 30 September 2005 as compared to corresponding nine months ended 30 September 2004**

Sales analysed by business segments for the period under review were as follows: -

	<b>9 months ended 30 Sep 2005</b>	<b>Sales mix</b>	<b>9 months ended 30 Sep 2004</b>	<b>Sales mix</b>
	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>%</b>
<b>Proprietary Solutions</b>	11,955	71	10,641	72
<b>Distribution</b>	4,980	29	4,236	28
<b>Total</b>	16,935	100	14,877	100

The Group's sales for the nine months ended 30 September 2005 recorded an improvement of S\$2.1 million or 14% compared to the corresponding period last year. The increase in sales was attributable to improved sales from both our Proprietary Solutions and Distribution businesses.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (continued)**

Despite the higher revenue achieved, the Group incurred a loss before tax of S\$0.5 million for the nine months ended 30 September 2005 as compared to a profit before tax of S\$0.4 million for the corresponding period last year. However, the Group recorded a higher earnings before interest, tax, depreciation and amortisation (“EBITDA”) of S\$1.7 million or EBITDA margin of 10.2%, as compared to EBITDA of S\$1.1 million or EBITDA margin of 7.4% in the corresponding period last year. The increase in EBITDA for the current period was mainly due to higher sales and offset by higher operating expenses incurred.

**Review of the Group's financial position as at 30 September 2005 as compared to the Group's financial position as at 31 December 2004**

Current assets decreased by S\$2.5 million or 8% from S\$32.4 million as at 31 December 2004 to S\$29.9 million as at 30 September 2005. This was mainly due to decrease in cash and cash equivalents utilised for operations and capital expenditures, offset by increase in trade receivables.

The increase in total non-current assets by S\$6.5 million was mainly contributed by the reduction in negative goodwill of S\$4.4 million and the increase in plant and equipment of S\$2.0 million. The reduction in negative goodwill was due to the adjustment of the carrying amount of negative goodwill as at 1 January 2005 against the opening balance of accumulated losses in accordance with FRS 103. The higher plant and equipment was mainly attributable to the acquisitions of equipment for the expansion of revenue sharing projects as well as research and development activities.

Total liabilities reduced from S\$9.9 million as at 31 December 2004 to S\$9.5 million as at 30 September 2005, a decrease of approximately S\$0.4 million or 4%. This was mainly due to the settlement of short-term bank borrowings and amounts owing for the acquisition of intellectual properties, offset by an increase in trade payables.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

No profit forecast has been issued for the period under review.

**10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Barring any unforeseen circumstances, the Directors remain cautiously optimistic about the Group's long term prospect. Despite the impact on the Group's performance, the telecommunications industry in Asia is expected to remain buoyant with the continued deregulation of the market and the increasing demand for innovative mobile solutions due to the rapid growth in mobile penetration.

The Group will continue its efforts of:

- investing in new, innovative voice and mobile applications, which serve as value-added services for telecommunications operators;
- expanding its recurring revenue stream by focusing on revenue-sharing programmes with customers; and
- investing in emerging telecommunications markets.

The Group will continue to review its long term strategies and strive towards achieving its objectives.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? None

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared/recommendeded, a statement to that effect**

No dividend has been declared or recommended for the period ended 30 September 2005.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Not applicable.

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not applicable.

**15. A breakdown of sales**

Not applicable.

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Not applicable.

**BY ORDER OF THE BOARD**

Wong Tze Leng  
Chief Executive Officer  
11 November 2005